

SENT TO COUNCIL:

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Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Alex Sanchez

SUBJECT: SEE BELOW

DATE: February 15, 2001

Approved

Deanna J. Santana

Date

2-21-01

INFORMATION

SUBJECT: SET-ASIDE OF UNITS FOR HOLDERS OF SECTION 8 VOUCHERS IN AFFORDABLE HOUSING PROJECTS

INTRODUCTION

On January 16, 2001, the City Council adopted the report from the Mayor's Housing Production Team. One of the recommendations in that report was to "enforce existing City policy that no less than 10% of all units in multi-family bond financed rental housing projects be first offered to tenants with Section 8 vouchers."

The City Council also adopted the Mayor's recommendation that an Informational Memo on this matter be sent to the City Council by February 15, 2001. Additionally, the ongoing status of these and all other Housing Production Team recommendations will be a standing item on the agenda of the monthly meetings of the Economic Development and Environment Committee.

BACKGROUND

On June 4, 1998, the City Council approved 14 recommendations from the Housing Department to address the preservation of the affordable housing stock in San Jose with expiring Section 8 contracts. One of those recommendations was to "require developers of affordable rental housing financed in whole or in part by the City to set aside 10% of these developments for Section 8 tenants." Section 8 is the U.S. Department of Housing and Urban Development's rent-subsidy program that is administered locally by the Housing Authority of the County of Santa Clara.

ANALYSIS

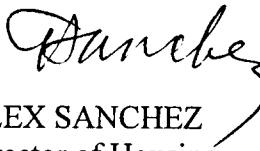
The Housing Department has implemented this recommendation. All development loan documents now contain a provision giving Section 8 holders a preference on 10% of the units in each development. Because it is a only preference, the developer is free to rent the set-aside

units to non-Section 8 households should there not be a sufficient number of Section 8 holders to fully occupy 10% of the units.

In February 2000, the Department undertook a telephone survey of 42 City-financed apartment developments to determine the number of Section 8 tenant residing in those projects. (None of these 42 developments were also financed by HUD, since HUD financing is accompanied by project-based Section 8 rent subsidies for all units.) Of the 4,307 units in those developments, 597 (or 14%) were occupied by Section 8 holders.

CONCLUSION

The City Council's direction to require developers to set aside 10% of each City-financed rental housing development for Section 8 tenants is being implemented.


ALEX SANCHEZ
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